GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:62
ANSWERED ON:04.03.2005
MERGER OF BANKS
Kharventhan Shri Salarapatty Kuppusamy;Verma Shri Rajesh

Will the Minister of FINANCE be pleased to state:

(a) whether any proposal is under consideration of the Government to merge one nationalised bank with the other nationalised bank;

(b) if so, the details thereof;

(c) the time by when the merger of these banks will be made effective;

(d) whether any such mergers have taken place during the last three years;

(e) if so, the details thereof;

(f) the names of the other banks likely to be merged during 2005-06; and

(g) the manner the Government proposes to protect the interests of the stakeholders and employees of such banks?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (g) : A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.62 FOR 4th MARCH 2005 REGARDING MERGER OF BANKS TABLED BY SHRI S.K. KHARVENTHAN AND SHRI RAJESH VERMA

(a) to (c) : IBA has recommended that Government should consider proposals for consolidation between nationalised banks in order to strengthen them. Govt. has indicated that it would consider specific proposals from nationalised banks as they arise. Any such proposal for consolidation by way of merger etc. of one nationalised bank with another nationalised bank has to come from the management of the banks concerned with Govt. playing a supportive role as the common shareholder. No directive on consolidation has been issued by Govt. or RBI.

(d): No, Sir.

(e): Does not arise.

(f) The Boards of Banks have to take a decision in this regard based on the synergy levels of merging / consolidating entities.

(g)While supporting any merger proposal, Government will ensure that the interests of the stakeholders and employees of merging banks is adequately protected.